



801 7th Avenue S.W.
Calgary, Alberta, Canada T2P 3P7

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Dockets Facility, U.S. Department of Transportation, Room PL-40 1
400 Seventh Street SW
Washington DC 20590-0001

RE: {Docket No. RSPA-99-6355; Notice 1 }
Pipeline Safety: Enhance Safety and Environmental Protection for
Gas Transmission and Hazardous Liquid Pipelines in
High Consequence Areas

TransCanada PipeLines (TCPL) is engaged in the transportation of natural gas in Canada and is affiliated with gas transmission companies in the United States. TCPL is the largest natural gas transportation pipeline system in Canada, with approximately 24,000 miles of transmission pipeline.

On November 18, 1999 INGAA made a presentation at the Public Meeting (64 Fed Reg. 56570, October 20, 1999), hosted by OPS in the above-referenced docket. The presentation represented the views of TCPL and the rest of INGAA's membership. INGAA made the following recommendations:

- OPS and state pipeline safety agencies should communicate to the public their present inspection process as well as the new initiatives;
- The present joint initiatives should be completed, documented and successes integrated into the regulatory structure before any new initiative is started; and
- A joint public safety education effort should be established.

TCPL is in favour of managing pipeline integrity and we have always applied integrity management principles in affected areas partly due to existing regulations and partly due to our commitment to maximizing safety to the public, our employees and the environment. TCPL supports a performance oriented, risk-based rule building upon the existing integrity measures incorporated into 49CFR192, rather than a wholly prescriptive integrity management rule.

A. SUGGESTED REGULATORY APPROACH

1 . Performance Based Rules

TCPL advocates that the OPS recognize the great diversity in the commodity pipeline industry as well as in the challenges to integrity, and implement rules that give companies the necessary latitude and flexibility to develop holistic programs appropriate to their individual operating, environmental and integrity situations. The industry is made up of liquid and gas pipelines, of various diameters, system lengths, and proximities to population. The challenges being faced also vary to include third party damage, external corrosion, geotechnical instability, stress corrosion cracking, etc. Similarly the consequences of failure are situation, fluid, as well as location dependent. Given these elements of diversity, it is recommended that the temptation to regulate integrity by a 'cook book' approach be resisted, notwithstanding the apparent ease of communicating such an approach to the public. Though complex, pipeline integrity is manageable but companies need to be given the flexibility to develop effective programs appropriate to their individual realities.

Given the excellent safety record in Class III and IV areas achieved by TCPL and the industry, it is believed appropriate to question what true benefit would be achieved by OPS "mandating" via a regulation, a single testing rule, such as one that would require smart pigging and/or hydrostatic testing, for "high consequence areas" if it will not significantly improve pipeline safety from all known integrity challenges. Such a rule has the potential to divert necessary resources away from true high-risk integrity challenges and toward areas with low risk; that is, low probability threats with potentially high consequences. Statistically, mechanical damage from third parties represents the single most frequent cause of pipeline failure; such a rule could potentially divert activity away from prevention of this cause. OPS and the industry have invested a significant amount of resources on the risk management effort. Risk management's basic premise is that risk is a function of probability times consequence. This would not allow us to implement any other replacement or rehabilitation projects for the rest of our system during this time period even though these other projects may have a higher risk.

Focusing only on certain regulated integrity and consequence issues dilutes the focus on total risk and could lead to high consequence failures due to problems not recognized in the mandatory integrity regulation.

Any additional integrity rule should be performance oriented and should define in performance language a High Consequence Area (HCA) and the expected goals of an integrity management plan. The stakeholders at the public meeting seemed comfortable with requiring each regulated transmission pipeline to develop, if it has not already done so, an Integrity Management Plan (IMP) for those high risk areas along their pipelines.

2. Define High Consequence Areas (HCA)

The regulation would include all consequence considerations including existing Class III and IV parameters along with those additional consequence parameters deemed appropriate for the fluid being transported and the regulations would provide sufficient flexibility for the operator, based on the particulars of the company's operation and facilities. While the HCA definition should consider Class III and IV locations in the case of sweet natural gas pipelines, OPS should develop a distinctive definition which would exclude, if appropriate, some criteria used in the class location regulations.

The industry standard would not mandate testing, but rather mandate the gathering and integration of information and data in order to assess the integrity of those pipeline segments in an HCA. Where sufficient information and data are not available then testing, inspection or other data acquisition would be required, to the degree necessary to make the required assessment.

3. Blending Existing Regulations with Industry Standards

TCPL believes an industry standard could be jointly developed by the gas pipeline industry, along with OPS and other stakeholders. The industry standard would provide high-level guidance for developing a company specific IMP which meets the intent of the industry standard, the proposed OPS regulation and the specific integrity challenge of the individual company.

In the development of the industry standard and the performance-based regulation, all consequence driven regulations would be extracted from OPS' existing regulations in 49 CFR Part 192 and related provisions covered in the industry standard. This would provide for a comprehensive handling of the consequence factors, as they would apply to necessary preventive actions. With a more comprehensive approach, the operator would select the most appropriate methodologies for dealing with consequence driven criteria, and implement those methodologies to respond to the potential risks. Depending on the specific situation, the operator would select the appropriate mitigative option(s) from a suite of choices which could include pipe replacement, lowering of operating pressure, smart pigging, hydrostatic testing, inspection excavations, increased surveillance, additional leak inspection, etc. If the integrity of a given pipeline segment does not meet the operator's risk tolerance goal, the appropriate remedial action would be taken.

4. Options Approach

It may also be advisable for OPS to provide in the regulations an option approach where the operators could choose between either the integrity industry standard or a testing alternative. For some companies it may be simpler and more expeditious to perform testing rather than develop comprehensive integrity plans. OPS could provide for this contingency either in regulations that would allow companies to choose which option best fits their needs or by incorporating the testing option into the standard. This latter option would allow for a single regulation that is performance based, referencing an industry standard where that standard provides the necessary flexibility. TCPL recommends that OPS develop a phased approach similar to the Operator Qualification Rule where companies are given time to develop a plan in Phase I and an additional time frame to implement their plan after development. Some plans might require several years beyond the implementation deadline to fully complete given costs, priorities, risk assessment and other factors.

B. PUBLIC EDUCATION

Recognizing that enhancement of public education will likely be a key component in this proposed rule, TCPL supports the extensive public outreach efforts of OPS in recent years to expand the information about benefits and risks of pipelines routed through local communities, including "call before you dig" requirements and anti-encroachment efforts.

OPS has already engaged in several successful initiatives on public education such as its Damage Prevention Program and as part of its Risk Management Program. TCPL suggests that any requirements about sharing relevant HCA information with the affected public be consistent with the "Communication Plan" requirements set forth in the Risk Management Program Standard of OPS' Risk Management Demonstration Program (Docket No. PS-142). OPS should build on its own existing initiatives on public education rather than reinvent programs or copy other regulatory agencies.

C. CONCLUSION

TCPL is committed to maintaining the integrity of its pipelines through working with regulators, the communities and other stakeholders to immediately begin the modification of the pipeline safety regulations or the development of an industry integrity standard. We recommend a "best practices" approach along the lines of our extremely successful joint development of a "risk management standard."

TCPL appreciates the opportunity to comment on this very important issue. We are continuously committed to improving real pipeline safety and reliability but are opposed to wasting resources in areas where benefits are only theoretical. We also encourage

January 18, 2000

Page 6

OPS to complete, document, and measure the benefits of many of other initiatives started during this presidential administration in order to ensure that our combined efforts are effectively applied.

Sincerely,

Robert Basaraba
Director, Pipeline Engineering & Integrity
TransCanada Transmission